

Message Text

LIMITED OFFICIAL USE

PAGE 01 OUAGAD 02734 071852Z

47

ACTION AF-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-07 COME-00 CIAE-00

INR-07 NSAE-00 AID-05 TRSE-00 XMB-02 OMB-01 OPIC-03

FRB-03 /059 W

----- 012761

P R 071629Z SEP 76

FM AMEMBASSY OUAGADOUGOU

TO SECSTATE WASHDC PRIORITY 2226

INFO AMEMBASSY BAMAKO

AMEMBASSY DAKAR

AMEMBASSY LIBREVILLE

AMEMBASSY NDJAMENA

AMEMBASSY JIDDA

AMEMBASSY PARIS

LIMITED OFFICIAL USE OUAGADOUGOU 2734

DEPT PASS AFR SFWA DAVID SHEAR

EO 11652: NA

TAGS: BEXP EAID

SUBJECT: PAN AFRICAN AIR INDUSTRIES (PAAI)

REF: OUAGADOUGOU 2542

1. ON SEPT 6, MS CHATERINE RAZI, ASSISTANT TO PAAI PRESIDENT ROBERTSON, ARRIVED OUAGADOUGOU AND BRIEFED AMBASSADOR ON LATEST DEVELOPMENT REGARDING PAAI ACTIVITIES IN UPPER VOLTA. COLONEL ROBERTSON HAD PREVIOUSLY INFORMED AMBASSADOR BY TELEX OF MS RAZI'S VISIT AND PURPOSE OF HER MISSION.

2. MS RAZI SAID THAT, THROUGH INTERVENTION OF ANTOINE YAMEOGO, IMF EXECUTIVE DIRECTOR, THE MERBAN INTERNATIONAL CORPORATION, A SWISS FINANCIAL INSTITUTION BASED IN NEW YORK (PRESIDENT IS A MR CHARLES BAUDOIN), HAS AGREED TO GRANT LOAN OF DOLS 15 MILLION TO PAAI FOR FIRST PHASE OF PAAI OPERATIONS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OUAGAD 02734 071852Z

IN WEST AFRICA. THIS LOAN IS TO BE NEGOTIATED WITHIN NEXT FEW

WEEKS. MEANWHILE, IN ORDER TO PERMIT PAAI TO PROVIDE SEEDS, FERTILIZER, ETC. NEEDED FOR CURRENT VEGETABLE GROWING SEASION AND TO BUILD WAREHOUSES AND COLD STORAGE SPACE REQUIRED IF AIR FREIGHT OPERATIONS ARE TO BEGIN IN JAN 1977, MERBAN IS WILLING TO ADVANCE PAAI IMMEDIATELY DOLS 2 MILLION, PROVIDED GOUV AGREES TO DEPOSIT SAME AMOUNT FROM ITS RESERVES IN MERBAN'S AFFILIATE IN PARIS, THE CHEMICAL BANK. MS RAZI'S MISSION TO CONVINCE MINISTER OF FINANCE KALMOGO TO EFFECT THIS TRANSFER WITHIN NEXT FEW DAYS AS COLLATERAL FOR TWO MILLION DOLLARS ADVANCE.

3. MS RAZI SHOWED AMBASSADOR COPY OF LETTER FROM ANTOINE YAMEOGO TO PRESIDENT LAMIZANA EXPLAINING IN DETAIL PURPOSES OF THESE TRANSACTIONS AND NECESSITY FOR QUICK ACTION. YAMEOGO CLAIMS THAT UPPER VOLTA NOW HAS EIGHTY MILLION DOLS IN RESERVE, INCLUDING SEVENTY ONE MILLION IN FOREIGN EXCHANGE, 3.7 MILLION IN IMF RESERVE AND 5.1 MILLION IN SDR'S. HE CONCLUDES THAT THERE IS NOTHING WRONG WITH USING SOME OF THESE RESERVES AS COLLATERAL FOR LOANS WHICH WILL FINANCE DEVELOPMENT ACTIVITIES IN UPPER VOLTA.

4. EMBASSY IS NOT IN POSITION TO PASS JUDGEMENT ON FINANCIAL MERITS OF PAAI'S AND YAMEOGO'S PROPOSALS BUT IT DOES SEEM TO US THAT THE WHOLE PROPOSED PAAI OPERATION HAS NOT BEEN THOROUGHLY THOUGHT OUT, AND THAT THE FEASIBILITY OF THE VARIOUS ACTIVITIES WHICH PAAI PROPOSED TO BORROW FROM MERBAN REPRESENTS THE 30 PER CENT WHICH GOUV HAD AGREED TO GUARANTEE SO THAT DURING THE FIRST PHASE AT LEAST, GOUV IS IN FACT GUARANTEEING 100 PER CENT OF THE OPERATION. IT IS CLEAR THAT PAAI ON ITS OWN DOES NOT HAVE READY ACCESS TO SOURCES OF FINANCING AND ONE WONDERS HOW IT PROPOSES TO BUY OR LEASE THE 28 AIRPLANES ENVISAGED FOR AIR FREIGHT OPERATIONS. EMBASSY IS ANXIOUS TO ENCOURAGE AMERICAN INVESTMENTS IN UPPER VOLTA BUT THERE ARE MANY ASPECTS OF THIS PARTICULAR CASE WHICH WE FIND DISTURBING.

5. WE WOULD APPRECIATE DEPARTMENT'S COMMENTS ON FINANCING PROPOSALS PRESENTED BY PAAI AND BY YEAMEOGO. WE WOULD ALSO WELCOME ANY ADDITIONAL INFORMATION ON PAAI WHICH MIGHT HAVE SURFACED SINCE STATE 174444. FINALLY, ANY INFORMATION ON THE MERBAN INTERNATIONAL CORPORATION, ON ITS PRESIDENT, IHARLES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OUAGAD 02734 071852Z

BAUDOIN AND ON THE CHEMICAL BANK OF PARIS WOULD ALSO BE APPRECIATED.
GRAHAM

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CARGO HANDLING, EXPORTS, AIR TRANSPORTATION, SUPPLEMENTAL AIRLINES, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 SEP 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OUAGAD02734
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760338-0142
From: OUAGADOUGOU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760985/aaaacvjc.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 OUAGADOUGOU 2542
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2004 by CollinP0>; APPROVED <11 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PAN AFRICAN AIR INDUSTRIES (PAAI)
TAGS: BEXP, EAID
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006